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SOURCE Neue Zurcher Zeitung.

## NEW SOVIET FOREIGN TRADE TRENDS

SOVIET PURCHASES OF WOOL AND RUBBER -- Neue Zurcher Zeitung, No 38, 29 Jan 49

In recent months the relations of the Soviet Union to the international commodity markets have, for the first time since the end of the war, come again into the foreground of public interest. Large Soviet purchases in isolated markets had a lasting effect on the price formation of certain raw materials. It is generally believed that the Soviet government is engaged in the accumulation of a war reserve of basic raw materials. This explains the present general attention being paid to each Soviet demand on the world commodity markets.

No national or international agency knows with certainty whether the recent Soviet purchases in the world markets indicate stockpiling. Soviet foreign trade statistics, which have always been regarded with reserve abroad, have not been published since the end of 1938. The only way to gain insight into Soviet imports is to study the statistics of the various exporting countries. Such a study, even if made in detail, can furnish only an approximate picture since the USSR has been conducting a lively exchange of raw materials with its satellites, on which there is likewise little information.

The two raw materials which the USSR has lately purchased on a large scale in foreign countries are raw wool and crude rubber. A third raw material which is frequently mentioned in connection with Soviet stockpiling is tin. What is the extent of Soviet foreign purchases of these products?

In 1968, the Soviet Union purchased approximately 92 million pounds of raw wool in Great Britain and in British overseas territories and approximately another 20 million pounds in non-British countries, mostly in Argentina. These purchases of approximately 112 million pounds should be compared with the average yearly purchases of 60-70 million pounds in the latest prewar years.

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Shipments of rubber to the Soviet Union in 1948 amounted to approximately 100,000 tons as compared with the largest Soviet prewar imports of 30,500 tons per year. In both cases the Soviet purchases were far greater during the second half than during the first half of 1948.

In 1937, the USSR received a record quantity of 25,125 tons of tin from abroad. However, since the end of the war, tin has been subject to international allocation. The Soviet Union is not participating because its government refuses to furnish the Combined Tin Committee, the international allocating body, with detailed data on its requirements and stocks.

During the last year, therefore, exports of tin metal to the USSR did not appear in the statistics of any of the supplying countries. However, it is known that the Soviet Union purchased abroad certain quantities of tin metal, and the metal, is not subject to international allocation. Malaya, the world's most important tin-producing country, was not engaged in this trade, but authoritative circles know that such countries as Siam and China, whose tin deposits are located predominantly in Yunnan, have concluded supply contracts with the USSR. The quantities involved are not known, but they are probably far below the large Soviet purchases of 1937 since the combined tin production of Siam and China is far less today than the USSR imported at the time.

Whereas the available data on tin is inconclusive, a comparison of the present figures on shipments of wool and rubber with the prewar data indicates that last year's purchases far exceeded the current requirements. However, certain reservations must be made in respect to this conclusion. The very cautious official British Commonwealth Economic Committee estimates, for example, that the number of head of wool sheep in the Soviet Union, which reached 98 million during 1940-41 decreased to 72 million during 1945-46. Later estimates on the number of sheep are not available, but according to estimates of the Committee for the current wool-production season, 1948-49 the Soviet wool production amounts to only 260 million pounds as compared with 340 million pounds in 1941-42.

In other words, Soviet domestic production seems to have diminished much more than Soviet purchases abroad have increased. Particularly, if one assumes that the war damages in the Soviet wool-processing industry have not yet been fully repaired, Soviet foreign purchases in recent years cannot be considered prima-facie evidence of large-scale acquisitions for stock-piling purposes.

In the case of rubber, it should be remembered that most of the consumer countries effectively increased their imports for current processing as compared with the prewar period, so that the increased Soviet purchases of this commodity are less unusual than they may first appear. Nevertheless, the USSR today has a considerably synthetic rubber-production capacity which before the war, despite its pioneering achievements in this field, was insignificant. The mechanization of the USSR's communications and agriculture will require much greater quantities of rubber than before 1939, but hardly as much as the aggregate of the recent imports plus the domestic production of synthetic rubber. In this instance, therefore, considerable portions of the current purchases may have been diverted into war reserves.

PAKISTAN - USSR. TRADE AGREEMENT ANTICIPATED -- Neue Zürcher Zeitung, No 52, 22 Feb 49

A Soviet delegation is expected in Karachi in the near future to negotiate a trade agreement with Pakistan. Whereas Pakistan has been delivering considerably quantities of raw cotton since the founding of the state in August 1947, Soviet reciprocal deliveries have been limited. Soviet agencies show interest in additional purchases of cotton as well as jute, while Pakistan

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would like to import cotton goods, agricultural machinery, and mining products from the USSR.

USSR TO EXCHANGE GRAIN FOR EGYPTIAN COTTON -- Neue Zurcher Zeitung, No 52, 22 Feb 49

The USSR has initiated negotiations with Egypt for the exchange of 100,000 tons of grain for cotton. While the Egyptian government consented to such an exchange in principle, it insisted that the prices of the commodities to be exchanged correspond to those on the world market.

ITALO-SOVIET TOBACCO BARTER AGREEMENT -- Neue Zurcher Zeitung, No 54, 24 Feb 49

Negotiations between the Italian State Monopoly and Soviet authorities on the export of 2 million kilograms of raw tobacco to the USSR have been concluded recently. In exchange for the purchase of Italian tobacco, the USSR will supply Italy with 750,000 kilograms of tobacco for the manufacture of high-grade cigarettes.

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